



Visa U.S.A. 1998 Incentive Plan Metrics

Metrics for 1999 and Beyond

- Time to market
- "Customer" satisfaction
- Unit Cost
- Market penetration
 - Commercial
 - Consumer
- PCE
- Employee satisfaction
- Efficiency ratio (expense/revenue)
- Competitive analysis

P-0752

GOVERNMENT
DEPOSITION
EXHIBIT
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Modifications recommended so that Plan:

1. Incentives/rewards performance that is aligned with Members' interests
2. Recognizes size and maturity of U.S. Region (vs. other regions)



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1998 MIP Objectives - Current Proposal

<u>Performance Objectives</u> (Payout % - % Target)	<u>Performance Benchmarks</u>		
	<u>Threshold</u> (50%)	<u>Target</u> (100%)	<u>Maximum</u> (200%)
Operating Profit (\$Millions)	\$719.0	\$765.0-\$795.0	\$918.0
Growth vs. MC:			
Volume	96%	100% - 104%	110%
Number of Accts.	95%	100% - 102%	105%
Focus Products:*Commercial/Debit			
Member Sat. Results (75% Region; 25% Worldwide)	2.8	3.2	4.5
Individual Objectives	2.5	3	5



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1998 Incentive Plan Metrics - Operating Profit

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>CAGR</u>
Operating Profit	214.4	300.7	389.7	516.2	673.8	33.1%
Controllable Expense	175.6	177.2	188.1	191.5	198.5	3.1%
Controllable Expense as % of Operating Profit	81.9%	58.9%	48.3%	37.1%	29.5%	
Controllable Expense as % of Total Revenue	33%	27%	24%	21%	19%	
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	<u>1998</u>					
Controllable Expense	218.9	5% variance = 10.9				
Operating Profit	757.0	variance to operating profit = 1.4%				



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Growth vs. MasterCard

- Visa's current market share is driving MasterCard's irrational behavior (e.g. mail share)
- With duality, this metric actually conflicts with many Members' interests
- More appropriate measures:
 - A. PCE growth
 - B. Visa as % of GPC market share
 - C. Growth vs. Amex and Discover